GOVERNMENT OF INDIA
ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA

UNSTARRED QUESTION NO:6252
ANSWERED ON:12.04.2017
Manufacturing of Electronic Products
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Will the Minister of ELECTRONICS AND INFORMATION TECHNOLOGY be pleased to state:

Will the Minister of Electronics and Information Technology be pleased to state:

(a) whether the Government is considering a proposal to boost manufacturing of electronic products in the country;
(b) if so, the details thereof;
(c) whether the Government is considering a 10 year tax holiday for the same; and
(d) if so, the details thereof?

Answer

(a) and (b): Government has taken several initiatives to boost manufacturing of electronic products in the country, as detailed at Annexure.

(c) and (d): Presently, there is no proposal under consideration of the Government for providing a 10 year tax holiday under the Income-tax Act for manufacturing of electronic products.

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Annexure
Initiatives taken by the Government to boost manufacturing of electronic products in the country
1. Promotion of electronics hardware manufacturing is one of the pillars of Digital India campaign of the Government.
2. The National Policy on Electronics (NPE 2012) was notified in October 2012 with the vision to create a globally competitive electronics design and manufacturing industry to meet the country"s needs and serve the international market.
3. Modified Special Incentive Package Scheme (M-SIPS) provides financial incentives to offset disability and attract investments in the Electronics Systems Design and Manufacturing (ESDM) sector. The scheme was notified in July 2012. The scheme provides subsidy for investments in capital expenditure - 20% for investments in SEZs and 25% in non-SEZs. The scheme is available for both new projects and expansion projects.
4. Electronics Manufacturing Clusters (EMC) Scheme provides financial assistance for creating world-class infrastructure for electronics manufacturing units. The assistance for the projects for setting up of Greenfield Electronics Manufacturing Clusters is 50% of the project cost subject to a ceiling of Rs.50 Crore for 100 acres of land. For larger areas, pro-rata ceiling applies. For lower extent, the extent of support would be decided by the Steering Committee for Clusters (SCC) subject to the ceiling of Rs.50 Crore. For setting up of Brownfield Electronics Manufacturing Cluster, 75% of the cost of infrastructure, subject to a ceiling of Rs.50 Crore is provided.
5. Policy for providing preference to domestically manufactured electronic products in Government procurement is under implementation.
6. Approvals for all foreign direct investment up-to 100% in the electronic hardware manufacturing sector are under the automatic route.
7. For promotion of exports in the sector, Merchandise Exports from India Scheme (MEIS) and Export Promotion Capital Goods (EPCG) Scheme are available under the Foreign Trade Policy, 2015-20. MEIS offers export incentives so as to offset disabilities of manufacturing. The export incentive for electronic goods is available @ 2% of FOB value of export. Zero duty EPCG scheme allows import of capital goods at zero customs duty, subject to specified export obligation.
8. Under the Electronics Hardware Technology Park (EHTP) Scheme, approved units are allowed duty free import of goods required by them for carrying on export activities, CST reimbursement and excise duty exemption on procurement of indigenously available goods, as per the Foreign Trade Policy.
9. Tariff Structure has been rationalized to promote indigenous manufacturing of electronic goods, including inter-alia Mobile Handsets, Televisions, Electronic Components, Set Top Boxes, LED Products, Medical Electronics, Solar PV Cells and Microwave Ovens.
10. To promote indigenous manufacturing of Televisions, baggage rules have been amended to ban duty free import of Flat Panel

Television Sets w.e.f. August 2014 under the baggage allowance.

11. Mandatory compliance to safety standards has been notified for identified Electronic Products with the objective to curb import of sub-standard and unsafe electronics goods. As of now, 30 electronic products are under the ambit of this Order.

Skill Development

12. Two Schemes for skill development of 90,000 and 3,28,000 persons, respectively in the electronics sector has been approved to provide human resource for the industry.

13. The Scheme to enhance the number of PhDs in the Electronic System Design and Manufacturing (ESDM) and IT/IT Enabled Services (ITES) sectors has been approved. 3000 PhDs are proposed to be supported under the Scheme.

Promotion of Innovation and R&D

14. Electronic Development Fund (EDF) policy has been operationalized to support Daughter Funds in the area of Electronics System Design and Manufacturing, Nano-electronics and IT. The fund is housed in Canbank Venture Capital Fund Ltd. The supported Daughter Funds will promote innovation, R&D, product development and within the country.

15. Keeping in view the huge indigenous requirement on account of roadmap for digitalization of the broadcasting sector, Conditional Access System, entitled iCAS has been developed to promote indigenous manufacturing of Set Top Boxes (STBs). The iCAS is available to domestic STB manufacturers at a price of USD 0.5 per license for a period of three years as against market price of USD 4-5 per license for other competing products. The implementation of iCAS in the cable networks is underway.

16. An Electropreneur park has set up in New Delhi for providing incubation for development of ESDM sector which will contribute IP creation and Product Development in the sector.

17. National Centre of Excellence in Large Area Flexible Electronics (NCFLEX) has been set up in IIT-Kanpur with the objectives to promote R&D; Manufacturing; Ecosystems; Entrepreneurship; International Partnerships and Human Resources and develop prototypes in collaboration with industry for commercialization.

18. National Centre of Excellence for Technology on Internal Security (NCETIS) has been set up at IIT-Bombay with the objective to address the internal security needs of the nation on continuous basis by delivering technology prototypes required for internal security and to promote domestic industry in internal security.

19. Centre for Excellence on Internet of Things (IoT) has been set up in Bengaluru jointly with NASSCOM.

20. An Incubation center with focus on medical electronics has been set up at Indian Institute of Technology-Patna.

21. An Incubation Center at Kochi with focus on consumer electronics is being set up at IIITM.

22. A fabless chip design incubator centre is being set up at IIT Hyderabad to incubate start-ups in semiconductor design. This Incubator will incubate 50 start-ups over a period of 5 years.

23. The Ministry of Electronics and Information Technology (MeitY) provides funding under several schemes for promotion of R&D, including support for International Patents in Electronics & IT (SIP-EIT); Multiplier Grants Scheme and Scheme for Technology Incubation and Development of Entrepreneurs (TIDE) in the area of Electronics, ICT and Management.

24. MeitY has approved a project to be implemented by Global Innovation and Technology Alliance (GITA) to promote Innovation, IP, R&D and commercialization of products, etc. in the ESDM sector by providing funding support to an Industry, for doing collaborative research with an Academic Institute in the priority areas with a timeline of not more than two years.

25. MeitY has approved a project being implemented by Biotechnology Industry Research Assistance Council (BIRAC) to promote scientific and technological research in Medical Electronics sector in India to address the pressing challenges associated with the development of innovative medical electronics and making it available, accessible and affordable to the people at the bottom of the pyramid.

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